

October XX, 2021

The Audit Committee and Board of Commissioners
North Broward Hospital District
Ft. Lauderdale, Florida

We have audited the financial statements of the North Broward Hospital District (the District) for the year ended June 30, 2021, and anticipate issuing our report on or about October XX, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 27, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 2 to the financial statements. No new accounting policies were adopted that had a significant impact on the District's financial statements and the application of existing policies was not changed during 2021. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the District's financial statements were:

- Management's estimate of the allowance for uncollectibles and the allowance for contractual adjustments is based on historical collection and write-off percentages, and reimbursement agreements with third-party payors.
- Management's estimate of estimated third-party payor settlements is based on preliminary, as filed and final settled cost reports.
- Management's estimate of the provision for unpaid group health claims, workers' compensation claims, and professional and general liability claims is based on actuarial calculations and assumptions applied to the actual results of claims and cases associated with the District.
- Management's estimate of the pension and other postemployment benefits (OPEB) liabilities is based upon the results of independent actuaries applied to data provided by the District.
- Management's estimate of contingent liabilities is based on the latest information available provided by attorneys and other third-parties working on behalf of the District.
- Management's estimate of the non-operating revenue recognized related to monies received from the Coronavirus Aid, Relief, and Economic Security (CARES) Act is based on the District's understanding of the currently available guidance related to the use of such funds and management's estimate of the lost revenues and additional expenses incurred due to the coronavirus pandemic.

We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

There are no significant sensitive disclosures in the financial statements for the year ended June 30, 2021.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The following adjustments were made to the financial statements:

	Increase (Decrease)			
	Assets/Deferred Outflows	Liabilities/Deferred Inflows	Net Position	Changes in Net Position
<i>(In thousands of dollars)</i>				
Provided by Client: To adjust for market valuation of investments	\$ 7,735	\$ -	\$ 7,735	\$ 7,735
Provided by Client: To adjust FRS pension accounts to the actuary report	(61)	(187)	126	126
Provided by Client: To adjust pension accounts to the actuary report	(5,650)	(35,469)	29,819	29,819
Provided by Client: To adjust OPEB accounts to the actuary report	(2,547)	(103,125)	100,578	100,578
Provided by Client: To adjust capital lease obligation	1,302	1,481	(179)	(179)
Provided by Client: To record management and employee bonus accrual	-	8,157	(8,157)	(8,157)
Provided by Client: To record additional reserves for plans in litigation	(2,341)	-	(2,341)	(2,341)
Provided by Client: To adjust third-party payor settlements	(10,522)	-	(10,522)	(10,522)
Provided by Client: To adjust healthcare claims to actuary report	-	7,121	(7,121)	(7,121)
Provided by Client: To adjust amounts due to and from the District	(2,143)	(2,151)	8	8
Provided by Client: To adjust other receivables	2,516	-	2,516	2,516
Provided by Client: To adjust miscellaneous accruals	597	298	299	299
	<u>\$ (11,114)</u>	<u>\$ (123,875)</u>	<u>\$ 112,761</u>	<u>\$ 112,761</u>

Additionally, certain misstatements detected as a result of our audit procedures were not corrected in the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. Such differences are summarized as follows:

	Increase (Decrease)			
	Assets/Deferred Outflows	Liabilities/Deferred Inflows	Net Position	Changes in Net Position
<i>(in thousands of dollars)</i>				
To consider current year effect of prior year uncorrected misstatement to adjust legal liability due to legal settlement	\$ -	\$ -	\$ -	\$ (1,593)
To consider current year effect of prior year uncorrected misstatement to adjust the pension asset due to the overstatement of pension investments	-	-	-	557
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,036)</u>

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

Prior to the issuance of our report, we will be requesting certain representations from management that will be included in the management representation letter dated the same date as our independent auditors' report.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with the Audit Committee, Board of Commissioners or management prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to management's discussion and analysis, and the schedules of changes in net pension liability and related ratios – defined benefit pension plan, employer contributions – defined benefit pension plan, money-weighted rate of return – defined benefit pension plan and changes in total OPEB liability and related ratios, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining schedules of net position, and revenues, expenses, and changes in net position, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the Audit Committee, Board of Commissioners and management of North Broward Hospital District and is not intended to be, and should not be, used by anyone other than these specified parties.

Warren Averett, LLC
Birmingham, Alabama